App. F. IX-4

1924

File No. 104-24

Previous References (No)

Serial Nos. 17

Later References

General and Revenue Secretariat.

Serial Nos.

Part B for

SUBJECT

Note relating to the finances of the Local Boards

Forwards Nil. File 104-24-1.

G. R. S. III—3]

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended

IMMEDIATE.

Along with the notice convening the Meeting of the Standing Committee for Local Self-Government on the 19th instant copies of the Draft Govt. Orders in the files relating to the Resolutions of the Local Self-Government Conference on (1) Municipalities and (2) Local Boards may be kindly sent to the members in order t fecilitate discussion. The file relatin to the Resolutions regarding Local - Boards is in the Council Section from which it may be kindly got.

Special Officer,
Local Self-Government.

12.7.24

Secretary to ~~the~~ Govt.,
Local and Legislative Departments
with compliments.

12/7

N. B.— Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

WD 1860—GPB—1,50 000—2-5-24

Council file (48 1/25-24) Agenda is
put up herewith. ~~The papers may be sent~~
~~to Council Hall after the~~
~~Council Meeting is over.~~

14/7/24

15/7/24

G. R. S. III—35

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Vide items in
the d-S-H Journal
in the matter
for disposal by
23-12-24. Items
relating to B
with the main file
AS

N. B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

Office of the Special Officer, Local Self-Government,

PUBLIC OFFICES,

Dated, Bangalore 31st January 1924

N

5862
31/1

N O T E.

Two notes are herewith put up one on the distribution of the cess revenue between the District and Taluk Boards and the other on the effects of the assignment of certain items of local revenue to Village Panchayats.

2. These notes deal with certain points arising out of the Council discussions on the Village Panchayat scheme.

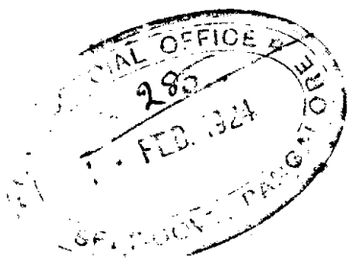
3. Two spare copies are also enclosed herewith.

MT
31/1/24

First Member
&
DEWAN

The state may be furnished by the President of the District Boards Bangalore stating that house tax is the main source of income in a village panchayat & cannot therefore be given up —

Kh
2/2



MT
4/2/24

Dewan

The points in the note
were discussed at the
Comcat meeting on the 5th
instant HH
3/2/24

Note on the distribution of the cess revenue between the District and Taluk Boards.

I. The present distribution of the cess revenue between the District and taluk boards is as follows:

To the District Board.

(a) 26 per cent of the local cess on land revenue.
(b) 67 per cent of the cess on certain items of - Excise and forest revenues.

To the Taluk Board.

50 per cent of the local cess on land revenue.

II. The question now proposed is " to fix a proportion of the cess revenue between the taluk and District boards to enable the latter to make full provision for all district - services leaving a reserve for developments", the budgets of a few typical Districts being taken as specimens. Two statements are put up, one showing the financial position of District boards under the existing distribution and another showing the ordinary receipts and expenditure of District - and taluk boards. These statements are based on the District board budgets for 1922-23 and on similar statements prepared in the Secretariat in 1923. The Secretariat file of District board budgets for 1923-24 could not be utilised as the details for taluk boards are not forthcoming therein for certain Districts.

A It will be seen from the first Statement that the existing distribution of the cess revenue works out well in the case of all the Districts except two viz., Shimoga and Kadur in - which there are deficits. From the second Statement it will

B be seen that under the present distribution of the cess revenue, there is a surplus, on the whole of ordinary receipts

over ordinary expenditure in the taluk boards taken as a whole in each District except those of Shimoga District.

Thus even supposing that the whole of the 50 per cent of the local cess now assigned to taluk boards is made over to District boards, the deficit in the case of Shimoga District board will increase from Rs. 8830 to Rs.10,636 while the deficit in the case of Kadur District will diminish from Rs. 1791 to Rs. 594. Thus I think that a mere alteration in the distribution of the cess revenue between the District and taluk boards will not improve the financial situation as the taluk boards are now spending on certain services the whole amount of their receipts under local cess and as the sum total of District board and taluk board receipts in any District under local cess is the same.

III. My considered opinion in the matter then is that no change in the distribution need be effected (1) firstly because under the present distribution the taluk boards spend subject to the control of the District board the full amount of their receipts under local cess (2) secondly because any change in the existing distribution will involve a change in the Local Boards Regulation and such a change may take a year for being effected, the Representative assembly and the Legislative Council, having to be consulted and (3) thirdly because the existing Regulation and the rules have not had free play in that the Budget and other necessary rules under the Regulation have still to be issued. The consequences of the nonissue of these essential Rules have been as follows:

(a) The budgets of Village Panchayats are coming up to Government, instead of being passed by the taluk boards as required by the Regulation; Taluk board budgets instead of being passed by the District board are coming up to Government

(b) The taluk boards and Village Panchayats have at present no powers of sanction in regard to works.

(c) Each District board adopts ~~ewa~~ its own form of budget estimates; there is thus no uniformity and certain essential details in regard to the working of taluk boards and District boards are sometimes lacking.

31/1/24

First Member
&
D E W A N.

STATEMENT SHOWING THE FINANCIAL POSITION OF DISTRICT BOARDS.

I T E M S.	Bangalore.	Kolar.	Tumkur.	Mysore.	Hassan	Shimoga.	Kadur.	Chitaldrug.	Total.
1. Normal income.	1,23,114	81,750	1,15,300	1,65,000	93,060	71,600	46,000	99,125	795,549
2. Normal expenditure.	84,252	60,010	72,460	1,14,413	78,424	80,430	48,391	57,467	595,847
3. Excess of income over expenditure.	38,862	21,740	42,840	50,587	14,636	-8,830	-1,791	41,658	199,702
4. Provision made for Public works under District Boards	72,000	50,000	59,000	93,000	57,050	62,400	30,000	42,000	466,150
5. -Do- under Taluk Boards.	9,000	5,000	5,500	7,000	7,250	7,600	7,000	4,500	52,850
6. Total provision for public works.	81,000	55,000	64,500	1,00,000	65,000	70,000	37,000	45,500	519,000
7. Average outlay on public works.	81,000	65,000	64,000	1,00,000	65,000	70,000	37,000	45,000	527,000
8. Normal provision for maintenance of roads.	62,000	45,000	47,000	83,000	53,000	58,000	28,000	24,000	400,000

Statement showing the normal income and expenditure of the District and Taluk Boards in the Bangalore Dist.

Items.	Normal	
	District Bd.	Taluk Bd.
	RECEIPTS.	
A.Ordinary.	Rs.	Rs.
Local Cess.	82,000	51,000
Mohatarfa.	25,000	..
Tolls and Ferries.	14	..
Contributions.	3,500	3,500
Interest on investments.	12,500	..
Miscellaneous.	100	7,700
Total A.	1,23,114	62,200
	EXPENDITURE.	
A.Ordinary.		
Public Works		
(a) D.P.W.	72,000	..
(b) Civil.	..	9,000
Administration collection.	8,356	10,882
Public Health and convenience.	2,896	40,855
Miscellaneous.	1,000	450
Total A.	84,252	61,187

Normal provision for road maintenance is 62,000 Rs.

Statement showing the normal income and expenditure of the District and Taluk Boards in the Kolar District.

Items.	Normal	
	District Board.	Taluk Board.
A. Ordinary.	**RECEIPTS.**	
	Rs.	Rs.
Local Cess.	60,500	59,400
Mohatarfa.	21,250	..
Tolls and Ferries.	..	..
Contributions.	..	2,700
Interest on investments.	..	..
Miscellaneous.	..	9,000
Total A.	81,750	71,100
	EXPENDITURE.	
A. Ordinary.		
Public Works-		
(a) D.P.W.	50,000	..
(b) Civil.	..	5,000
Administration & Collection.	7,510	12,610
Public Health & Conveniences.	2,500	52,846
Miscellaneous.	..	..
Total A.	60,010	70,456

The normal provision for road maintenance Rs. 45,000.

Statement showing the normal income and expenditure of the District and Taluk Boards in the Tumkur District.

Items.	Normal	
	District Board.	Taluk Board.
	RECEIPTS.	
A. Ordinary.	Rs	Rs
Local Cess.	62,100	50,100
Mohatarfa.	43,000	..
Tolls and Ferries.	1,700	..
Contribution.	..	2,364
Interest on investments.	8,500	..
Miscellaneous.	..	5,573
Total A.	1,15,300	58,037
	EXPENDITURE.	
A. Ordinary.		
Public Works-		
(a) D.P.W.	52,000	..
(b) Civil	7,000	5,500
Administration & Collection.	6,965	11,903
Public Health & Conveniences.	6,495	40,523
Miscellaneous.	..	..
Total A.	72,460	57,926

Normal ~~xx~~ provision for roady maintenance Rs 47,000.

Statement showing the normal income and expenditure of the District and Taluk Boards in the Hassan District.

Items.	Normal	
	District Board	Taluk Board.
	RECEIPTS.	
A. Ordinary.	Rs.	Rs.
Local Cess	39,210	40,790
Mohatarfa	21,000	
Tolls & Ferries.	9,000	
Contributions		7,754
Interest on Investments.	16,250	
Miscellaneous.	7,600	10,051
Total	93,060	58,595
	EXPENDITURE.	
A. Ordinary:		
Public Works:- (a) D.P.W.	53,000	
(b) Civil	4,750	7,250
Administration & Collection	8,152	6,782
Public Health & Convenience	8,122	41,231
Miscellaneous.	4,400	435
Total	78,424	55,698

Provision required for maintenance of roads 53,000

Statement showing the normal income and expenditure of the District and Taluk Boards in the Mysore District.

RECEIPTS.

Items.	Normal	
	District Board	Taluk Board
A. Ordinary:-	Rs.	Rs.
Local Cess.	85,000	71,110
Mohatarfa	49,000	
Tolls & Ferries	18,500	
Contributions.		
Interest on Investments		
Miscellaneous.	12,500	14,630
Total	1,65,000	85,740

EXPENDITURE.

Public Works:-		
(a) D.P.W.	83,000	
(b) Civil	10,000	7,000
Administration and Collection.	9,444	17,449
Public Health and Convenience	11,969	59,703
Miscellaneous	. .	. .
Total	1,14,413	84,152

Normal provision for road maintenance is Rs. 83,000

Statement showing the normal income and expenditure of the District and Taluk Boards in the Chitaldrug District.

Items.	Normal	
	District Board	Taluk Board.
	RECEIPTS.	
A. Ordinary.	Rs.	Rs.
Local Cess.	48,000	32,000
Mohatarfa	40,000	...
Tolls and Ferries	1,125	...
Contributions	...	4,946
Interest on investments.	10,000	...
Miscellaneous	...	9,780
Total	99,125	46,726
	EXPENDITURE.	
A. Ordinary.		
Public Works- (a) D.P.W.	30,000	...
(b) Civil	12,000	4,500
Administration and Collection	7,759	7,915
Public health and convenience	7,558	26,693
Miscellaneous	150	...
Total	57,467	39,108

Provision for road repairs Rs. 24,000

Statement showing the normal income and expenditure of the District and Taluk Boards in the Shimoga District.

Items.	Normal	
	District Board	Taluk Board.
RECEIPTS.		
A. Ordinary.	Rs.	Rs.
Local Cess	43,500	51,000
Mohatarfa	20,000	
Tolls and Ferries	8,000	
Contributions		2,000
Interest on Investments.		
Miscellaneous.	100	7,000
Total	71,600	60,000
EXPENDITURE.		
A. Ordinary:		
Public Works: (a) D.P.W.	58,000	
(b) Civil	4,400	7,600
Administration & Collection	9,000	9,453
Public Health and Convenience	6,400	44,753
Miscellaneous	2,630	
Total	80,430	61,806

Normal provision for road repairs Rs. 58,000

Statement showing the normal income and expenditure of the District and Taluk Boards in the Kadur District.

Items.	Normal	
	District Board	Taluk Board.
RECEIPTS.		
A. Ordinary.	Rs.	Rs.
Local Cess	33,600	30,000
Mohatarfa	12,000	...
Tolls and Ferries	...	1,370
Contributions	...	10,804
Interest on investments	1,000	...
Miscellaneous	...	2,602
Total	46,600	44,776
EXPENDITURE.		
A. Ordinary.		
Public Works- (a) D.P.W.	30,000	...
(b) Civil	...	7,000
Administration & Collection	4,489	4,046
Public Health & convenience	13,902	32,533
Total	48,391	43,579

Normal provision for road repairs Rs. 28,000.

Note on the effects of the assignment of certain items of local revenue to Village Panchayats.

I. Sources of revenue for village panchayats.

The sources of revenue proposed are-

(1) a substantial portion of

(a) the local cess on land revenue realised in the village and

(b) Education cess on land revenue realised in the village

(2) the mohatarfa collections in the village

(3) cattle pound collections.

N. B. A grant is also proposed to be made to each village panchayat from the District Board budget out of the Local Fund general assigned to the District Board.

II. Effects of the assignment of the above items.

(a) By assigning items (2) & (3) above to the existing Village Panchayats, the taluk and District funds will not in any way be affected, as these items do not form any portion of the receipts of District and taluk boards.

(b) In the case of Village Panchayats to be newly formed, the assignment of mohatarfa collections to the village ~~village~~ panchayat will diminish the revenues of the District Board - while the assignment of cattle pound collections will lessen the receipts of the taluk board concerned. If the amounts thus assigned are large, the finances of District and taluk boards may be prejudicially affected.

(c) By assigning a substantial share- say 25 or 50 per cent of the education cess on land revenue realised in the village, the revenues of the Education Department will be diminished ; but as the village panchayat will, at least to the extent - of the assignment of education cess, bear the expenses of the village school, the Education Department will be relieved of the corresponding obligation and no harm will thereby ensue.

(d) The assignment of a substantial portion- say 25 or 50 per cent - of the local cess on land revenue will diminish to that extent the existing revenues of taluk boards which get 50 per cent of the local cess on land revenue under the existing distribution. As will be seen from the two statements-of the other note (re: the apportionment of the cess revenue between the District and taluk boards), the budgets of taluk boards are at present balanced in all the Districts except Shimoga; and - unless fresh revenues are raised, or curtailments of expenditure made, by the taluk boards, the assignment of local cess on land revenue to village panchayats will render the working of the - taluk boards difficult. In Baroda where a system of similar - grants was adopted, the practice was given up as it did not work well. The following extract from Mr.K. S. Jatar's Report (on Village Panchayats for Central Provinces) will be found relevant in this connection.

" In the United Provinces Legislative Council it was proposed by some members that a fixed grant should be annually sanctioned from the District Fund for every Panchayat village to meet all possible requirements, and the proposal has the support of the opinion of the Decentralization Commission, vide Paragraph 719 (1) of the Report. In the first place, the fact that the funds at the disposal of the District Boards are limited and that - Panchayat villages will for a long time remain only a small portion of their area, will have to be given due consideration before such a proposal is accepted. The Collector of North Arcot (Madras), while considering a similar proposal, has remarked that " if Local Boards are required to make fixed annual grants t Panchayats, the provision and upkeep of main lines of communication, dispensaries and the like would soon come to a standstill." As a matter of fact a full trial was given to this proposal by the Baroda Durbar. It was discovered in the year 1909 that -- Panchayats were not able to take up useful works for want of -

funds and a general order was given that annual fixed subventions should be made to Panchayats from the local cess grant allotted to Taluk Boards. During my halts at Baroda I made particular enquiries to find out how the proposal had worked out, but was told that the orders had to be cancelled because it was found that while some funds were lying idle in Panchayat offices, several good, sound and substantial urgent works, of a general character, which would have been taken up under the old system, had to be indefinitely put off. I must make it very clear here that I am not at all against giving grants to Panchayats. On the contrary, I would urge that every pie which can be spared should be given for sanitary improvements. All that I mean is that grants should not be assigned by a general order. But a well defined scheme should be drawn up by which it would be possible automatically to supplement deficiencies in the amount raised locally. In Mysore a system of the kind I contemplate has been introduced, but I donnot think it is being worked properly because the village committees have been started in great haste and their number is too large for District Officers to exercise the necessary sympathetic control. What I would recommend for adoption is the principle of the system and not the manner of its introduction."

III. Application of the above arguments to the Village Panchayats of Bangalore Taluk.

The statement received from the President, Bangalore District Board about the Village Panchayats of Bangalore taluk is appended to this note. Of the twelve panchayats, two (Kengeri and Begur) were Union Panchayats under the Regulation of 1902.

Flag 'C' 'X'

IV. C O N C L U S I O N.

It seems to me that the assignment of the mohatarfa and cattle-pound collections in full and of a portion of the education cess on land revenue may be made to every existing and new village panchayat without much disturbance to the finances of the District

or taluk board or of the Education Department unless the amounts in the former case are large. If however a portion of the - local cess on land revenue or of the old " Local Fund General " is proposed to be assigned to village panchayats, then the - finances of the District and taluk boards will be much affected. Reference is invited in this connection to the two statements appended to the first note regarding the apportionment of cess revenue between the District and taluk boards.

V. The account side of the matter.

In one of the files referred to me, I remember to have seen the Comptroller's statement of certain difficulties in - keeping a separate account for each Village Panchayat. When the scheme is finally sanctioned, the account side may also be investigated.

31/1/24

First Member
&
D E W A N

Name of Village Panchayet.	Land Revenue.	Local Cess levied thereupon.	Tree tax, tree rent and toddy shop rental.	1/17th of the last amount credited as local cess.	House tax levied under the Panchayet Regulation VI of 1918.	Shop tax levied under the Panchayet Regulation VI of 1918.	Cattle pound receipts.	Mohatarfa House tax levied prior to 1918.	Mohatarfa shop tax levied prior to 1919.	Remarks.
1	2	3	4	5	6	7	8	9	10	11
										Population
(1) Varthur.	2688-13-11	148--2-4	5531		305	Separate figures not maintained but included in figures of Col. 6.	55	87	Separate figures not maintained but included in figures of column 9.	(1) 1256.
(2) Krishnarajapura	1062- 1- 0	80-14-1	9120		303		45	220		(2) 736.
(3) Gunjoor	3447- 7- 5	180- 7-5	-		145		-	105-8-0		(3) 1187.
(4) Hagadoor	1444-12- 5	95-13-4	2307		344		-	67-8-0		(4) 1293.
(5) Hessarghatta	1646- 1- 0	145- 9-6	4542		330		160	75-8-0		(5) 1704.
(6) Nagavara	1487-11- 0	110- 9-6	4812		204		-	94-8-0		(6) 1124.
(7) Chikkabanavara	1104- 2- 0	88- 1-6	3720		304		15	105-8-0		(7) 812.
(8) Kengeri	2340- 2- 3	118- 9-7	3480		709		115	--		(8) 1704.
(9) Begur	3500-12- 0	263-12-9	11880		709		165	--		(9) 2362.
(10) Hebbal	656- 0- 8	47- 6-3	--		226		55	41		(10) 826.
(11) Agara	1142- 0- 0	87-15-4	150		204		--	56	18	(11) 996.
(12) Yesawanthapura	866- 9- 0	55- 4-10	-		280		--	121-8-0		(12) 984.

Note on the distribution of the cess revenue between the District and Taluk Boards.

I. The present distribution of the cess revenue between the District and taluk boards is as follows:

To the District Board.

(a) 26 per cent of the local cess on land revenue.
(b) 67 per cent of the cess on certain items of Excise and forest revenues.

To the Taluk Board.

50 per cent of the local cess on land revenue.

II. The question now proposed is " to fix a proportion of the cess revenue between the taluk and District boards to enable the latter to make full provision for all district services leaving a reserve for developments", the budgets of a few typical Districts being taken as specimens. Two statements are put up, one showing the financial position of District boards under the existing distribution and another showing the ordinary receipts and expenditure of District and taluk boards. These statements are based on the District board budgets for 1922-23 and on similar statements prepared in the Secretariat in 1923. The Secretariat file of District board budgets for 1923-24 could not be utilised as the details for taluk boards are not ~~for the~~ forth coming therein for certain Districts.

It will be seen from the first Statement that the existing distribution of the cess revenue works out well in the case of all the Districts except two viz., Shimoga and Kadur in which there are deficits. From the second Statement it will be seen that under the present distribution of the cess revenue, there is a surplus, on the whole of ordinary receipts

over ordinary expenditure in the taluk boards taken as a whole in each District except those of Shimoga District.

Thus even supposing that the whole of the 50 per cent of the local cess now assigned to taluk boards is made over to District boards, the deficit in the case of Shimoga District board will increase from Rs. 8830 to Rs.10,636 while the deficit in the case of Kadur District with diminish from Rs. 1791 to Rs. 594. Thus I think that a mere alteration in the distribution of the cess revenue between the District and taluk boards will not improve the financial situation as the taluk boards are now spending on certain services the whole amount of their receipts under local cess and as the sum total of District board and taluk board receipts in any District under local cess is the same.

III. My considered opinion in the matter then is that no change in the distribution need be effected (1) firstly because under the present distribution the taluk boards spend subject to the control of the District board the full amount of their receipts under local cess (2) secondly because any change in the existing distribution will involve a change in the Local Boards Regulation and such a change may take a year for being effected the Representative assembly and the Legislative Council, having to be consulted and (3) thirdly because the existing Regulation and the rules have not had free play in that the Budget and other necessary rules under the Regulation have still to be issued. The consequences of the nonissue of these essential Rules have been as follows:

(a) The budgets of Village Panchayats are coming up to Government, instead of being passed by the taluk boards as required by the Regulation; Taluk board budgets instead of being passed by the District board are coming up to Government

(b) The taluk boards and Village Panchayats have at present no powers of sanction in regard to works.

(c) Each District board adopts ~~own~~ its own form of budget estimates: there is thus no uniformity and certain essential details in regard to the working of taluk boards and District boards are sometimes lacking.

First Member
&
D E W A N.

STATEMENT SHOWING THE FINANCIAL POSITION OF DISTRICT BOARDS.

I T E M S.	Bangaloro.	Kolar.	Tumkur.	Mysoro.	Hassan.	Shimoga.	Kadur.	Chitaldrug.	Total.
1. Normal income.	1,23,114	81,750	1,15,300	1,65,000	93,060	71,600	46,000	99,125	795,949
2. Normal expenditure.	84,252	60,010	72,460	1,14,413	78,424	80,430	48,391	57,467	595,847
3. Excess of income over expenditure.	38,862	21,740	42,840	50,587	14,636	-8,830	-1,791	41,658	199,702
4. Provision made for Public works under District Boards	72,000	50,000	59,000	93,000	57,750	62,400	30,000	42,000	466,150
5. -Do- under Taluk Boards.	9,000	5,000	5,500	7,000	7,250	7,600	7,000	4,500	52,850
6 Total provision for public works.	81,000	55,000	64,500	1,00,000	65,000	70,000	37,000	45,500	519,000
7. Average outlay on public works.	81,000	65,000	64,000	1,00,000	65,000	70,000	37,000	45,000	527,000
8. Normal provision for maintenance of roads.	62,000	45,000	47,000	83,000	53,000	58,000	28,000	24,000	400,000

Statement showing the normal income and expenditure of the District and Taluk Boards in the Bangalore Dist.

Items.	Normal	
	District Bd.	Taluk Bd.
	RECEIPTS.	
A.Ordinary.	Rs.	Rs.
Local Cess.	82,000	51,000
Mohatarfa.	25,000	..
Tolls and Ferries.	14	..
Contributions.	3,500	3,500
Interest on investments.	12,500	..
Miscellaneous.	100	7,700
Total A.	1,23,114	62,200
	EXPENDITURE.	
A.Ordinary.		
Public Works		
(a) D.P.W.	72,000	..
(b) Civil.	..	9,000
Administration collection.	8,356	10,882
Public Health and convenience.	2,896	40,855
Miscellaneous.	1,000	450
Total A.	84,252	61,187

Normal provision for road maintenance is 62,000 Rs.

Statement showing the normal income and expenditure of the District and Taluk Boards in the Kolar District.

Items.	Normal	
	District Board.	Taluk Board.
A. Ordinary.	RECEIPTS.	
	R.	R.
Local Cess.	60,500	59,400
Mohatarfa.	21,250	..
Tolls and Ferries.	..	..
Contributions.	..	2,700
Interest on investments.	..	..
Miscellaneous.	..	9,000
Total A.	81,750	71,100
	EXPENDITURE.	
A. Ordinary.		
Public Works-		
(a) D.P.W.	50,000	..
(b) Civil.	..	5,000
Administration & Collection.	7,510	12,610
Public Health & Conveniences.	2,500	52,846
Miscellaneous.	..	..
Total A.	60,010	70,456

The normal provision for road maintenance R. 45,000.